

VZCZCXRO6727
PP RUEHAG RUEHBC RUEHDE RUEHKUK RUEHROV
DE RUEHLB #1717 3060940
ZNY CCCCC ZZH
P 020940Z NOV 07 ZDK
FM AMEMBASSY BEIRUT
TO RUEHC/SECSTATE WASHDC PRIORITY 9942
INFO RUEHEE/ARAB LEAGUE COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHNO/USMISSION USNATO 1813
RHMFISS/CDR USCENTCOM MACDILL AFB FL
RHEHNSC/NSC WASHDC

C O N F I D E N T I A L BEIRUT 001717

SIPDIS

SIPDIS

NSC FOR ABRAMS/SINGH/GAVITO/YERGER/DEMOPULOS, STATE FOR
NEA/ELA, NEA/FO:KHARRINGTON, MPOPAL,

E.O. 12958: DECL: 11/01/2017

TAGS: [ENIV](#) [PGOV](#) [PREL](#) [PTER](#) [LE](#)

SUBJECT: LEBANON: A SHIA CRITIC OF TELECOM PRIVATIZATION

Classified By: DCM William Grant for reasons 1.4 (b) and (d)

SUMMARY

¶1. (C) Yassin Jabir, a Shia MP close to Speaker Berri, raised concerns about privatization of Lebanon's mobile telecom businesses, saying he is not opposed to privatization, only the GOL methodology. He advocates for a slower process, with more government control, to promote three objectives: legality, timing and full value. According to Jabir, the GOL is not properly informing the parliament of the process or inviting dialogue with key government entities. End summary.

¶2. (C) Econoff and Econstaff approached Shia MP Yassin Jabir to find out about rumored Shia opposition to privatization, especially within the telecom sector. Jabir, a close ally and major financial supporter of parliamentary Speaker Nabih Berri, a Shia leader, although not a member of Berri's Amal party, is considered a barometer of Shia opinions. He worked on the privatization law and has a strong pro-business focus and so it was not surprising to hear Jabir say that he considers his position to be "pro-privatization." He has strong opinions, which he shared with us.

¶3. (C) According to Jabir, the problem is not privatization, but transparency. In his opinion, Lebanon cannot afford to make a mistake in this area, and staging the process over time would allow the GOL to retain necessary control. Jabir goes back in time to the creation of the two original mobile telephone companies, pointing out that the absence of a regulatory body opened up the process to criticism. Now, the Telecommunications Regulatory Authority (TRA) is just starting, and the legitimacy of the TRA itself is not clear. Jabir argues for three objectives: legality, timing and full value.

LEGALITY OF PROCESS

¶4. (C) According to Jabir, the correct legal process to privatize the two mobile telecom companies would be to first complete the corporatization of the two existing mobile telecom entities now managed by Alpha and MTC. This should proceed exactly as per the corporatization of Ogero, the fixed-line company. Jabir believes that this alone requires a new law. He also believes that the TRA only has the authority to sell two mobile licenses, but the sale as proposed includes much more than licenses; the two companies include fixed assets, and more important, a large and valuable client base. Jabir believes that the TRA does not have the authority to sell those, and that lack of legitimacy

will deter potential buyers, and reduce the value of the sale.

TIMING

15. (C) Jabir thinks that the GOL is "in a hurry" to sell, and so is not going to get full value for the sale of the two licenses. He questions the source of the financial evaluation of the two companies, and asks if there is a reserve price. Jabir says that this information is not public, and even the parliamentary committees does not have access to that.

FULL VALUE

16. (C) In defining "full value," Jabir clearly has more in mind than a high selling price to reduce the government deficit. He wants better service for businesses and people, which he believes will only come with competition. He stressed the value of the equity in both companies, which includes both assets and good will, and will only be valued in a fully-transparent sale. He does not believe that the GOL has defined a financial objective for the sale. He stressed that there has been no dialogue with the GOL, the TRA, or the Higher Council for Privatization -- "Nothing," he said.

FELTMAN